Pension Reform
Frequently Asked Questions (FAQs) IV

Questions should be forwarded to *pension.questions@atlantaga.gov*

1. **Has a decision been made as to what changes will be applied to the City's pension plan?**
   No, the decision on pension reform has not yet been made. The Mayor has been carefully evaluating the options presented by the Pension Review Panel with the City's guiding principles in mind: aligning with our peer jurisdictions, reducing our unfunded liability and fulfilling our pension promise to employees. Ultimately, the Mayor's goal is to ensure fairness and affordability to both the City and its employees. Once a decision has been made, it will immediately be communicated to all City employees.

2. **Is there any way that a representative can come out and speak to us since so much has changed?**
   So far, nothing has changed. Once the Mayor decides on a course of action, a series of conversations will be had with all employees to ensure that everyone is well versed on his proposal.

3. **What is the retirement age?**
   Under the current plan, retirement age is 60 years of age for general employees and 55 years of age for sworn Police and Fire employees. However, you may retire with 30 years of service, irrespective of your age.

4. **Currently I am enrolled in the ING 401-A plan. I have been with the City for over 5 years. Am I correct in understanding that the pension reforms WILL NOT affect me and that I am currently vested at 100%?**
   Yes, with over 5 years of service, you are vested in the defined contribution (DC) plan. Currently, there are no plans to make changes to the DC plan.

5. **How do I qualify for Social Security?**
   When you work and pay Social Security taxes, you earn up to a maximum of four "credits" for each year. The way you earn a credit has changed over the years:

   - Before 1978, employers reported an employee's earnings every 3 months and called credits "quarters of coverage," or QCs. At that time, an employee received a QC or credit if they earned at least $50 in a 3-month calendar quarter
   - During 1978, employers started reporting employee earnings only once a year. Credits were then based on an employee's total wages and self-employment income during the year, no matter when they did the actual work. An employee may work the full year and earn four credits or could earn those same credits in a much shorter time frame

   The amount of earnings it takes to earn a credit has changed since 1978. In 2011, you must earn $1,120 in covered earnings to get one Social Security or Medicare work credit and $4,480 to get the maximum four credits for the year.

   The number of work credits you need to get retirement benefits depends on your date of birth. If you were born in 1929 or later, you need 40 credits (10 years of work). People born before 1929 need fewer than 40 credits (39 credits if born in 1928, 38 credits if born in 1927, and so on).

6. **I earned my 40 credits (quarters) from previous employment. How would I benefit if the City subscribes to Social Security now?**
   Even though you already have your qualifying quarters, your benefit will be reduced for every year that you work for an employer that does not contribute to Social Security. This reduction is referred to as the Windfall Elimination Provision (WEP). This provision affects employees who work for governments that do not contribute to Social Security. However, for every year you work for an organization that ***does*** contribute to Social Security your WEP reduction will lessen.

   Retirement Example:
   The WEP primarily affects you if you earned a pension in any job where you did not pay Social Security taxes and you also worked in other jobs long enough to qualify for a Social Security retirement or disability benefit. The WEP affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive. The following example shows how a WEP reduction can affect your benefit if you do not continue to work for an employer that subscribes to Social Security:

   If you turn 42 in 2011, and your Eligibility Year is 2031 and you have 20 years of substantial earnings, using a formula, WEP reduces your monthly benefit in 2031 by $372. If your full retirement Social Security benefit is $1,372, your monthly Social Security benefit after the WEP reduction would be $1,000. However, if the City subscribes to Social Security now, your WEP reduction will lessen, and you will receive a Social Security benefit greater than $1,000 but less than the full benefit of $1,372.

7. **How can I find out more about Social Security?**
   The United States Social Security Administration has a website full of valuable information—
   www.socialsecurity.gov

   IMPORTANT NOTE: **This document contains only a summary discussion of the City's pension plans and certain changes to those plans currently being considered by the City. Not all terms of the pension plans which affect the calculation of and eligibility for pension benefits are discussed in this summary. For a complete discussion of the terms of the pension plans and how those terms apply to you, please direct your attention to the pension plans themselves. Also, to the extent there are any differences between this summary description and the terms of the pension plans, the pension plans will control.**